
DIGEST

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Carter

HB No. 798

Abstract: Authorizes the Dept. of Economic Development (DED) to collect an application fee for state-certified productions and state-certified musical and theatrical infrastructure projects and provides for the disposition of the monies from the fee.

Present law authorizes the issuance of five separate musical and theatrical production income tax credits: a credit for qualified production expenditures made from investments in a state-certified musical or theatrical production; a credit for the construction, repair, or renovation of facilities related to such productions and performances; a credit for qualified transportation costs for performance-related property; a credit for the payroll of Louisiana residents employed in connection with a state-certified musical or theatrical production; and a credit for employing college, university, and vocational-technical students employed in connection with a state-certified musical or theatrical production, to establish and promote Louisiana as one of the primary places in the U. S. in which live performances, are present and thriving.

Proposed law retains present law.

Proposed law defines a "base investment" as the actual investment made and expended in this state by a state-certified musical or theatrical production as production-related costs or as capital costs of a state-certified musical or theatrical facility infrastructure project.

Proposed law provides that "expended in the state" means an expenditure to acquire or lease immovable property located in the state, an expenditure to acquire moveable property from a source within the state which is subject to state sales and use tax, or an expenditure as compensation for services performed within the state which is subject to state income tax.

Proposed law defines "production expenditures" as a contemporaneous exchange of cash or cash equivalent for goods or services related to development, production, or operating expenditures in this state for a state-certified musical or theatrical production, including, but not limited to expenditures for set construction and operation, including special and visual effects, costumes, wardrobes, make-up, accessories, and costs associated with sound, lighting, staging, and payroll

Proposed law provides that projects which do not qualify as state-certified musical or theatrical productions include non-touring music and cultural festivals, industry seminars, and trade shows.

Present law provides for the amount of the tax credits for state-certified productions and state-certified musical or theatrical facility infrastructure projects.

Proposed law retains present law.

Proposed law provides that if all or a portion of an infrastructure project is a facility which may be used for purposes unrelated to live performance production or production-related activities, then the proposed base investment shall be approved only if DED determines that the facility will support and be necessary to secure live performance production activity for the project and the applicant provides sufficient contractual assurance that the project will be used as a live performance production facility, or as a support for a live performance production facility.

Present law provides for the application, certification, and administration of the credit.

Present law requires DED to determine which productions and facility infrastructure projects shall be certified pursuant to the adoption of rules and regulations. Further requires the rules to provide for the minimum criteria for certification of projects and an appeals process if an application for or the certification of a production or infrastructure project is denied.

Proposed law requires that, *prior to adoption*, the rules shall be approved by the House Ways and Means and the Senate Revenue and Fiscal Affairs Committees.

Proposed law changes present law to delete the requirement that the House Ways and Means and the Senate Revenue and Fiscal Affairs Committees approve the rules *prior to adoption* and requires their approval to be in accordance with the provisions of the APA.

Present law requires an applicant for a tax credit for initial certification for state-certified productions and state-certified musical or theatrical facility infrastructure projects.

Proposed law retains present law but adds that applications shall also include an application fee equal to .02% multiplied by the estimated total incentive tax credits. However the minimum application fee shall not be less than \$200, and the maximum application fee shall not be more than \$5,000.

Proposed law further provides that monies from the application fee shall be deposited into the state treasury, and after compliance with the requirements of the Bond Security and Redemption Fund, an amount equal to the monies generated shall be credited into the Entertainment Promotion and Marketing Fund to be used solely for promotion and marketing of LA's entertainment industry.

Present law provides for the recapture and recovery of tax credits.

Proposed law retains present law.

Proposed law requires that as a condition for receiving certification of tax credits, state-certified productions and infrastructure projects shall display the state brand or logo, or both, as prescribed by the Dept. of Economic Development.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6034)